Automotive News

JUNE 29, 1992

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NEWSPAPER

U.S. plant puts BMW in a new world

Special convertible may be 1st model

JAMES R. CRATE
International Editor

Even for Karl Gerlinger, the relentlessly enthusiastic chief of BMW AG's U.S. sales arm, the luxury-car maker's announcement last week that it will start building cars in South Carolina in 1995 represents a roll of the dice.

As expected, BMW said it will invest about $300 million in a greenfield plant in Greer, S.C., to build an unspecified new model beginning in 1995. The plant, with a projected capacity of 60,000 to 70,000 cars a year by 2000, will produce for both the U.S. market and for export, BMW said.

Aside from a small kit-car operation in South Africa, it will be BMW's first assembly plant outside Germany.

Although officials declined all comment on the new car, supplier sources said it likely will be a distinctly new convertible based on the current 3 series, with a roadster offshoot possible. BMW sources in Munich also ruled out a sport-utility or a minivan.

JOE WILSSENS/AUTOMOTIVE NEWS

BMW comes to America: Making the announcement in Dearborn, Mich., were Karl Gerlinger, left, president of BMW of North America; Helmut Panke, BMW AG's corporate planning director; and Bernd Pischetsrieder, manufacturing director.

"Yes, this is a highly risky move," Gerlinger said in Dearborn, Mich., last week. "But the U.S. market demands that you take risks to achieve anything worthwhile. If you are not prepared to gamble to seize an opportunity here, you might as well stay home."

The risk, of course, is that Bimmer buyers may consider a U.S.-made model to be *ersatz*, and shun it, or that quality will not be up to the company's fabled standards.

Volkswagen AG, the only other

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AMERICA'S BMW COUP

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South Carolina is a surprising fit for BMW

LINDSAY CHAPPELL
Staff Reporter

GREENVILLE, S.C. — Bratwurst and Bavarian cabbage was the lunch special at the local Marriott Hotel last Tuesday, after BMW AG announced it will build a $300 million auto plant two miles away.

It was not the usual fare in a Southern town that King Cotton built.

But then again, who would ever have thought that South Carolina would be producing cars? And that BMW would build them?

But for the independent-minded German automaker, the Greenville area is a natural. And in many ways, BMW will feel right at home.

Where else would a German firm find a small U.S. city with no traffic congestion but with 58 other German manufacturers in the area. British, French, Dutch, Belgian and Italian manufacturers have 89 more plants nearby. Yet Greenville's airport doesn't even offer international air service.

As part of the BMW deal, the airport will have to extend its runways to accommodate the trans-

see CAROLINA, 40

late news

Subaru sets new ad theme

NEW YORK — Subaru of America and its ad agency, Wieden & Kennedy, will unveil a new ad campaign this week, coming soon to print and broadcast media.

The campaign is phase two of Wieden & Kennedy's tongue-in-cheek "What to Drive" campaign making fun of status-seekers.

The agency describes Subaru's target buyers of the 1990s as "role-relaxed," or comfortable with themselves, as opposed to the stereotypical, grasping Yuppie of the 1980s.

— Jim Henry

L-M inks TV, print deal

Lincoln-Mercury Division has signed as the first sponsor of "The Wild West," a five-part documentary that will air on Time Warner's 75-station network of independent television stations.

The series starts in March. Starting in January, the group of independent stations will run original programming

see LATE NEWS, 2

Pontiac excitement is for real nowadays

PHIL FRAME
Staff Reporter

With sales up for five of the seven vehicles in Pontiac's lineup and market share on the rise, the excitement is back in General Motors' "excitement division."

Pontiac's car and truck sales for the calendar year through May were up 11.5 percent, while the market as a whole was up 3.9 percent. That boosted Pontiac's share to 4.8 percent, up from 4.3 percent for the same period a year ago.

In May, Pontiac had 5.2 percent of the car and light-truck market.

"Dealers are telling us they want more cars, which I haven't heard since I came back to Pontiac in June 1989," said General Manager John Middlebrook. Middlebrook worked at Pontiac from 1979 to 1981 and from 1983 to 1985.

"Dealers are feeling better," he said. "They're seeing more people in the showroom, (including) import owners and import intenders."

Dealers say they are enthusiastic about recent sales and their prospects for the rest of 1992.

"I'm really excited about the second half of the year," said Garry Warner, president of Warner Pontiac-Oldsmobile-GMC Truck Inc. in St. Louis. "In my dealership, we're having the best Pontiac month we've had this year."

JIM FRENAK

Through June 20, Grand Am sales were up 29.3 percent for the year.

see PONTIAC, 37

Commission dumps on Big 3

MAX GATES
Staff Reporter

WASHINGTON — For a while last Wednesday, the Big 3 had their target in the crosshairs.

They had worked the House hearing room hard that morning. Then the Ways and Means Committee voted to raise duties on most Japanese — but not European — minivans and four-door sport-utilities from 2.5 percent to 25 percent.

The tariff bill amendment would add $3,000 or more to the price of their Japanese competitors' products. Big 3 lobbyists celebrated with hugs and handshakes. But four hours later, their smiles turned upside down.

In a 4-2 vote that caught just about everyone by surprise, the International Trade Commission shot down the Big 3's minivan dumping case against Toyota and Mazda. The ITC commissioners said they found no evidence that the Big 3 had been hurt by Japanese dumping practices.

With the vote, the Japanese importers will escape duties that could have added $2,000 or more to the price of new Toyota Previas and Mazda MPVs.

And more critically, the Japanese can breathe easier about the prospect of a dumping complaint against their luxury cars. Ford Motor Co. Chairman Harold Poling has mentioned the possibility. And, notes GM spokesman William Noack, "there is concern generally in the industry" that the Japanese are underpricing the cars to gain market share.

The minivan decision shook Thomas Hanna, president of the Motor Vehicle Manufacturers Association, who had led the Big 3 charge for more than a year. Hanna, struggling for an explanation in the moments after the vote, called it "preposterous," "astonishing" and "peculiar."

Said Hanna, "We've been told by an agency of the U.S. government to drop dead."

The Big 3 thought they would win. Last December, the Commerce Department issued a preliminary ruling that the Japanese were dumping their minivans at 0.95 percent to 7.19 percent below fair market value. After several trips to Japan to look at company books, Commerce investigators raised the dumping margins

see DUMPING, 37

Bidding big

The auto auction industry and strategies for used-car departments are featured in *Automotive News Insight*, which follows Page 22.

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corrections

The following are from the 1992 Market Data Book:

- In the Page 13 Production section, the markets for the Ford Escort and Mercury Tracer built in Hermosillo, Mexico are incorrect. Both cars are built there for the United States and Canada.
- On Pages 92 and 105, the Mazda MX-6 is incorrectly represented. This model is available only as a two-door notchback.
- In the Equipment section on Page 92, the last four categories for U.S. domestic-built car body type/roof installations should read as follows: electric slide sunroof; pop-up sunroof; vinyl roof; T-roof.
- In the Dealers section, locations of three dealerships were listed incorrectly. American Chevrolet-Geo is in Modesto, Calif. North Star Dodge Center Inc. is in Brocklyn Center, Minn. Luke Potter Dodge Inc. is in Winter Park, Fla.
- The principal/owner of a top 10 Mercedes-Benz franchise is listed incorrectly on Page 118. John C. Brockway owns Bill Ussery Motors in Coral Gables, Fla.
- In the annual world vehicle production and assembly chart on Page 3, the "other" column incorrectly listed vehicles produced outside the major vehicle-producing countries. It should be replaced with the following:

Year	Other
1991	4,100,445
1990	4,376,212
1989	1,246,856
1988	2,297,775
1987	2,643,368
1986	1,279,224
1985	1,965,142
1984	2,050,071
1983	1,566,965
1982	1,959,883

HANS G. LEHMANN/HIDDEN IMAGE

Ford-VW minivan for Europe

Ford and Volkswagen are preparing to enter the hot minivan market in Europe with a jointly developed people carrier expected for the 1994 model year. Each maker's version will have a distinct body style; this artist's retouching of a spy shot of prototypes shows one possibility. The seven-seat van is based on a stretched-wheelbase VW Passat. A joint-venture assembly plant is being built in Portugal, with annual production of 180,000 planned.

latenews

CONTINUED *from* PAGE 1

from 8 p.m. to 10 p.m. local time on Wednesdays. The network covers 77 percent of the country.

In addition to commercials during the 10-hour documentary, Lincoln-Mercury will get ads in a special program guide to be carried in six Time Inc. magazines. The division will also sponsor a special edition of *Life* called "The Wild West."

Lincoln-Mercury will use its sponsorship to promote the Mark VIII coupe and the 1993 Mercury Villager minivan.

— Crain News Service

NHTSA probes Blazer/Jimmy

WASHINGTON — The government has intensified its look into possible fuel injection problems that have been blamed for 35 accidents involving Chevrolet S10 Blazers and GMC Jimmys.

The National Highway Traffic Safety Administration said it has recorded 525 complaints of over-acceleration on starting and engine surges during deceleration and stopping. Three injuries and one death have been blamed on the alleged problem.

The investigation covers more than 850,000 vehicles with 4.3-liter V-6 engines with throttle-body injection from the 1989-91 model years.

NHTSA has also upgraded its investigations of fuel tank leaks in the 1985-87 Audi 4000 and Coupe GT and in 1987-90 Jeep Wranglers. The agency has also granted a petition filed by the Center for Auto Safety for investigating power door lock failures in 1987-91 Toyota Camrys.

— Max Gates

Belts, airbags save more lives

WASHINGTON — A National Highway Traffic Safety Administration report says the number of lives saved by the use of airbags and automatic belts has increased.

NHTSA said the risk of fatality for front seat occupants in cars with airbags is 23 percent lower than in cars with manual belts — at 1983 usage rates.

NHTSA said it used 1983 as a base because it was the year prior to a concerted effort to raise belt use.

The fatality rate is 16 percent lower in cars equipped with motorized belts than non-motorized belts.

Ford licenses casting process

Ford Motor Co. will license a British manufacturing process for an aluminum casting plant under construction in Windsor, Ontario.

The plant, to become operational in 1993, will manufacture complex multi-valve cylinder heads for either the modular V-8 engine built in Romeo, Mich., or a modular V-6 to be built in Cleveland.

For the Windsor plant, Ford is licensing casting technology from Cosworth Engineering of Britain.

— William R. Diem

Ford recalls 34,700 cars

DEARBORN, Mich. — Ford Motor Co. is recalling 26,500 1990 and 1991 Crown Victoria police cars and 8,200 1991 Escort GT and Tracer LTS.

Ford said the rear brake lines on Crown Victoria police cars with the 5.8-liter V-8 engine may rub against the car body, causing fluid loss. Owners may experience increased pedal effort.

Ford is recalling the Escort GT and Tracer LTS equipped with manual transmissions to inspect the speedometer assembly. About 2,500 of the vehicles may have speed sensors without ball seals. Transmission fluid may leak through the assembly onto the vehicle floor.

Alfa recalls 1,800 Spyders

ORLANDO, Fla. — Alfa Romeo Distributors of North America has recalled 1,800 of its 1991 and 1992 Spyder convertibles to fix an electrical problem.

The company said an electrical short circuit could develop inside the map light in the glove compartment. Dealers will replace the map light and bracket.

Dealer profits move upward

March was profitable for car dealers. The average dealership pretax profit of 1.9 percent of sales was nearly double the average of the past three years.

The higher profit margin was accompanied by a 7 percent increase in dollar sales for the month. The average dealership earned more than half of its first-quarter profit in March, according to the National Automobile Dealers Association.

NADA's quarterly survey showed that 19 percent of all dealerships operated at a loss in the first quarter of 1992, compared to 42 percent reporting losses for the same time period in 1991.

— Charles M. Thomas

Ford denies secret warranty

DETROIT — A consumer group in Washington wants Ford Motor Co. to notify all owners of F-series trucks that the vehicles may have defects that cause the paint to prematurely peel.

The Center for Auto Safety claims that Ford has known about the problem for years and has repainted some trucks under secret warranties. The groups wants the Federal Trade Commission to order Ford to notify owners of the alleged paint problems and, if necessary, repaint the vehicles.

Ford admitted it has had problems in a small percentage of certain colors on F-series trucks, but denied it has a secret warranty.

Earlier this year, Ford initiated a customer service program for F-series owners and asked those owners to detail any problems they may be having with their trucks.

— The Associated Press

briefly

Washington is 1st on Lee's list

He's fathered the Mustang. Refurbished the Statue of Liberty. Written two best sellers. Plucked **Chrysler** from the jaws of bankruptcy. But none of those is Lee Iacocca's shining moment. The Chrysler chairman told a Detroit television audience that the proudest moment of his career was in July 1983 at the National Press Club in Washington. That's when Chrysler repaid its $1.2 billion federally-guaranteed loan seven years early. Said our hero: "I'm giving them a check for $1.2 billion seven years early and they didn't know what the hell to do with it because nobody ever paid off a loan down there, and it stunned them."

Lido: recalls payback

NEVER SATISFIED — When Michael Andretti finally won a 1992 Indycar race (Portland), his team sent a fax to Cosworth Engineering in England, which builds the **Ford**-Cosworth powerplants. "Sorry it took so long," said the team. "When's the next 20 hp coming?"

OLD HABITS — Auto suppliers like ITT Automotive would like the industry to choose one way of measuring supplier quality. A task force is working on the idea, but ITT executive Chuck Peters says lower-level industry people are dragging their feet. His explanation: "Turf protection is older than our industry."

THEY SAID GOO GOO — Children who have neither driven a Ford lately, nor are old enough to drive one, may one day become focus group fodder for **Ford Division**. In its quest to find out how much kids influence their parents' vehicle purchases and to gauge its future market, Ford may someday focus on children as young as 10, said division ad manager John Vanderzee. But for the time being, he said, "we will do some focus groups down to age 16 — and perhaps talk to 15-year-olds."

WASHINGTON CALLING — The nation's capital is calling the Motor Vehicle Manufacturers Association's director of communications. "The biggest task will be relocating files," said Gene McKinney, who has run the communications staff from MVMA's Detroit office, but this week moves to Washington, D.C. MVMA's library and photo section, which also report to McKinney, will remain in Detroit.

LISTENING, ROSS? Listen up, Ross Perot. Lee Iacocca, one-time possible presidential contender, says businessmen may not have the right temperament for the Oval Office. "I think I would make a lousy president," he said in a TV interview. "We (businessmen) are in a world of making decisions and seeing the results of those decisions. We're results oriented. Businessmen like to say, 'Let's do this. There might be some risk involved, but let's stand by our guns here and go do it.' But the political system is like dealing in molasses. I think it's very difficult to make the transition, frankly."

Perot: wrong temperament?

Opel braces for another earnings slide

High costs in Germany, Saab subsidiary blamed

DIANA T. KURYLKO
Staff Reporter

FRANKFURT — The petals are beginning to drop off General Motors' European rose, the German Adam Opel AG subsidiary.

With the German market returning to normal, Opel expects 1992 earnings to drop below 1991 levels of $698 million (1.075 billion German marks). Last year's earnings were off 19 percent from 1990's $861 million, although sales in 1991 were up 14.5 percent to $17.63 billion.

Opel's margins on cars sold in Germany are considerably higher because exporting adds extra costs, said Gail Gunderson, finance director, at the company's annual financial press conference.

To offset the decline in Germany, Opel will export more than half of its anticipated 1.1 million car production in 1992, compared with 38 percent in 1991. Last year Opel produced 995,000 cars, down 5 percent from 1990 because of the changeover from the Kadett to the Astra.

In the first five months of 1992, Opel sold 311,000 new cars in Germany compared with 363,000 units during the same period last year, said Louis Hughes, Opel chairman and the new president of GM Europe.

Opel's 1991 earnings also were hit by a $292 million write-off on the value of its ownership in Saab, the Swedish maker in which GM holds a 50 percent control. In addition, Opel had to invest $74 million in Saab "to make it a profitable company," Gunderson said.

In 1991, personnel costs rose by $390 million, thanks to a new union contract. The 1992 labor pact is expected to cost Opel another $147 million.

It expects to significantly reduce its costs when the new plant in Eisenach, in the former East Germany, opens this September. At capacity, that plant will produce 150,000 Astras and add production of the new Corsa.

Opel and GM are currently analyzing ways to boost productivity in Europe. "We must remain competitive or we will see the experience of the American manufacturers," Hughes said.

Hughes would not detail Opel's plans to cut employment, which he said must be slashed at all of its plants.

Hughes said the reductions at Opel will be made through attrition.

Car sales dip; trucks strong in mid-June

KRISTINE STIVEN BREESE
Staff Reporter

U.S. vehicle sales in mid-June lagged behind last year's in familiar formation: Trucks were strong, but cars were weak.

For the nine selling days from June 11-20, total U.S. car and truck sales were 407,213, down 2.4 percent from last year.

It was the seventh time in this year's 17 reporting periods that 10-day sales trailed last year's results.

And as has been the case all year, truck sales showed the most promise.

Measured against mid-June last year, light-truck sales increased 4.5 percent, to 152,398. Through May, light trucks were up 10.8 percent, and they gained again in early June.

But car sales dropped 6.0 percent from a year ago. Car sales were also down in early June, after being up 0.5 percent in the first five months of this year.

Overall sales of cars and light trucks are still 4.0 percent ahead of last year's.

Tom Webb, chief economist for the National Automobile Dealers Association, said he expects sales to continue to rise through the fourth quarter as employment picks up.

He said that manufacturers' promotions and merchandising are helping dealers.

"Attractive lease deals and good values on new models appear to be working," he said. But "dealers are still finding it takes a lot to entice customers to trade in vehicles that are paid off."

As in early June, Ford Motor Co. showed the biggest mid-month increase among the Big 3. Sales jumped 10.5 percent to 102,558.

While Lincoln and Mercury slipped, Ford Division's gains in cars and trucks pulled the whole company forward.

Chrysler Corp. also showed an increase, thanks in large part to Jeep sales, which rose 18.3 percent with help from the new Grand Cherokee. Chrysler does not report 10-day sales. *Automotive News* estimates Chrysler's figures and those of most imports.

General Motors sales dropped 5.3 percent in mid-June. That came despite another big leap by Saturn, which sold 2½ times as many cars this year as it did last year. Cadillac also was strong with a gain of 27.1 percent. But every other GM division dropped.

Sales fell 20.6 percent for American Honda Motor Co. Inc. and 12.5 percent for Toyota Motor Sales U.S.A. Inc.

Honda-badged cars were down 19.9 percent, and Acura sales dropped 23.8 percent.

At Toyota, Lexus fell 17.3 percent and Toyota Division sales slipped 12.1 percent.

Nissan Motor Corp. in U.S.A. also was down, but its dip of 4.5 percent was less severe than those of Honda and Toyota. Nissan's Infiniti Division had a gain of 34.1 percent, but Nissan-badged cars and light trucks were down 6.2 percent.

10-DAY CAR AND TRUCK SALES, BY MAKE

	June 11-20, 1992	June 11-20, 1991
ALFA ROMEO (imp. car)*	**65**	**111**
Acura (imp. car)	**3,858**	**5,062**
Domestic car	13,512	18,077
Imported car	4,649	4,590
Honda	**18,161**	**22,667**
AMERICAN HONDA	**22,019**	**27,729**
ASTON MARTIN (imp. car)*	**2**	**2**
BMW (imp. car)*	**1,802**	**1,331**
Domestic car*	3,167	3,724
Imported car*	0	29
Domestic truck*	172	145
Chrysler Division*	**3,338**	**3,898**
Domestic car*	8,918	10,486
Imported car*	827	1,141
Domestic truck*	19,447	16,443
Imported truck*	121	118
Dodge*	**29,313**	**25,188**
Domestic car*	928	1,091
Imported car*	353	236
Eagle*	**1,281**	**1,327**
Domestic truck*	7,512	6,351
Jeep*	**7,512**	**6,351**
Domestic car*	5,187	6,099
Imported car*	460	476
Domestic truck*	7,169	6,061
Plymouth*	**12,816**	**12,636**
Domestic car*	18,200	21,400
Imported car*	1,640	1,881
Domestic truck*	34,300	29,000
Imported truck*	121	118
CHRYSLER CORP.*	**54,261**	**52,399**
Imported car*	187	150
Imported truck*	74	74
DAIHATSU*	**261**	**224**
FERRARI (imp. car)*	**24**	**24**
Domestic car	38,825	31,779
Imported car	1,049	1,048
Domestic truck	45,036	40,071
Ford Division	**84,910**	**72,898**
Domestic car	4,659	6,368
Lincoln	**4,659**	**6,368**
Domestic car	11,494	11,777
Imported car	1,495	1,808
Mercury	**12,989**	**13,585**
Domestic car	54,978	49,924
Imported car	2,544	2,856
Domestic truck	45,036	40,071
FORD MOTOR CO.	**102,558**	**92,851**
Domestic car	17,097	18,146
Buick	**17,097**	**18,146**
Domestic car	5,674	4,466
Cadillac	**5,674**	**4,466**
Domestic car	35,266	43,806
Imported car	2,970	3,806
Domestic truck	38,837	37,822
Imported truck	53	61
Chevrolet	**77,126**	**85,495**
GMC	**9,593**	**10,290**
Domestic car	13,688	14,764
Domestic truck	758	1,451
Oldsmobile	**14,446**	**16,215**
Domestic car	16,769	18,068
Imported car	516	1,158
Domestic truck	1,358	705
Pontiac	**18,643**	**19,931**
Domestic car	6,202	2,493
Saturn	**6,202**	**2,493**
Domestic car	94,696	101,743
Imported car	3,486	4,964
Domestic truck	50,546	50,268
Imported truck	53	61
GENERAL MOTORS	**148,781**	**157,036**
HYUNDAI*†	**3,222**	**2,771**
Imported car*	310	568
Domestic truck	1,876	1,733
Imported truck*	2,597	2,762
ISUZU*	**4,782**	**5,064**
JAGUAR (imp. car)*	**321**	**158**
LAMBORGHINI (imp. car)*	**4**	**4**
LOTUS (imp. car)*	**8**	**8**
MASERATI (imp. car)*	**6**	**6**
Domestic car	978	1,490
Imported car*	3,835	4,406
Domestic truck	223	305
Imported truck*	2,250	3,527
MAZDA*	**7,286**	**9,728**
MERCEDES-BENZ (imp. car)*	**2,009**	**1,693**
Domestic car	3,057	2,249
Imported car*	1,813	2,403
Imported truck*	533	575
MITSUBISHI*	**5,403**	**5,227**
Infiniti	**1,120**	**835**
Domestic car	3,819	3,634
Imported car*	6,605	6,830
Domestic truck	3,521	3,737
Imported truck*	3,558	4,458
Nissan*	**17,503**	**18,859**
NISSAN MOTOR CORP.	**18,623**	**19,494**
PEUGEOT (imp. car)*	**10**	**98**
PORSCHE (imp. car)*	**94**	**144**
RANGE ROVER (imp. truck)*	**72**	**68**
ROLLS/BENTLEY (imp. car)*	**7**	**7**
SAAB (imp. car)*	**459**	**525**
STERLING (imp. car)*	**0**	**59**
Domestic car	1,201	1,695
Imported car*	1,579	1,228
SUBARU*	**2,780**	**2,923**
Imported car	165	133
Imported truck	490	471
SUZUKI†	**655**	**604**
Lexus (imp. car)	**2,081**	**2,517**
Domestic car	10,603	10,387
Imported car	7,453	9,802
Domestic truck	1,734	0
Imported truck	5,396	8,451
Toyota	**25,186**	**28,640**
TOYOTA MOTOR SALES	**27,267**	**31,157**
Audi (imp. car)*	**215**	**384**
Imported car*	2,159	2,963
Imported truck*	19	206
Volkswagen*	**2,177**	**3,169**
VWoA*	**2,392**	**3,553**
VOLVO*†	**2,042**	**2,020**
YUGO (imp. car)*	**0**	**35**
Domestic car	**201,044**	**210,599**
Imported car	**53,771**	**60,558**
TOTAL CAR	**254,815**	**271,157**
Domestic truck	**137,236**	**125,114**
Imported truck	**15,162**	**20,772**
TOTAL TRUCK	**152,398**	**145,886**
TOTAL CAR & TRK.	**407,213**	**417,041**

*Estimated †Breakdown of North American built and imported car sales not available.
There were 9 selling days in the period this year and 9 last year.

Toyota ups markup for warranty parts

DALE JEWETT
Service Editor

Toyota Motor Sales U.S.A. Inc. is raising the amount it pays dealers for parts used in warranty repairs by 50 percent for the 1993 model year.

Toyota and Lexus dealers will get cost plus 45 percent for parts on warranty claims filed beginning Oct. 1, the automaker announced last week.

The change answers requests for a higher markup from dealers. The National Automobile Dealers Association also has pressed automakers to increase the markup. Toyota and virtually every other domestic and import automaker have paid dealers cost plus 30 percent for warranty parts.

Toyota is the second automaker to increase the markup for warranty parts, although it leapfrogged over plans Ford Motor Co. announced in May. Ford will increase the markup for its dealers to 35 percent for 1993 models and to 40 percent for 1994 models.

Both Ford and Toyota will maintain a 30 percent markup for warranty parts on 1992 model and older vehicles.

"We're doing this to support our dealers and help them further support their customer service efforts," Toyota spokesman John McCandless said.

He said Toyota's dealer council had asked the automaker to increase its warranty parts markup rate but did not specifically propose the 45 percent rate.

McCandless said the new rate is effective for any warranty claim on 1993 model vehicles submitted after Oct. 1, even though the 1993 MR2 sports car is already on sale.

Officials for the other domestic and import automakers said they were studying the moves by Toyota and Ford, but no immediate changes were planned.

"We've been very open with our dealer council," said Tom Benson, vice president of service and customer management at Mitsubishi Motor Sales of America Inc. "We've been watching our competitors, but we didn't want to be the first to move," Benson said. "I do think this is the wave of the future. You'll see everybody else follow pretty soon."

Mazda Motor of America Inc. is studying the issue, spokesman Jay Amestoy said, "but it is a very expensive move."

In pressing its case for a higher markup, NADA last year released a study that showed dealers lost an average of $63,000 annually with the 30 percent warranty parts markup.

Court says N.Y. can adopt California emissions rules

Industry debates filing an appeal

HELEN KAHN
Senior Correspondent

New York state can require California emission standards on 1993 model vehicles, according to a five-judge panel of the state's intermediate appellate court.

But the auto industry might appeal.

The only other state now set to adopt California emission standards is Massachusetts, for the 1995 model year. Maine, New Jersey and Illinois also have proposals, according to the EPA. An additional 12 states are considering adopting California standards.

Under that state's plan, emissions rules will be progressively tightened over 10 years beginning with the 1993 model year. The biggest step will mandate 2 percent of an automaker's fleet to have "zero emissions" in model year 1998.

The auto companies had questioned the authority of the commissioner of the Department of Environmental Conservation to adopt California emission rules. But last week, the intermediate appeals court, upholding a 1991 lower court decision, said that the New York legislation had given the department power to protect the environment.

Attorney General Robert Abrams hailed the decision as a "great victory for New Yorkers."

Abrams also told the auto industry: "Stringent emission controls are as important to the health and safety of their consumers as safety belts and airbags and should be standard equipment on all cars."

The Motor Vehicle Manufacturers Association and the Association of International Automobile Manufacturers have not yet decided on appeal. But they say the issue "requires closer and more thorough review."

They also have "reservations about whether the now updated New York regulations comply with federal guidelines for states choosing to adopt the California program."

Costs drove decision to build in U.S

DIANA T. KURYLKO
Staff Reporter

MUNICH — Officials of BMW AG last week cited several reasons for choosing a 900-acre site in a remote corner of South Carolina to build their next car plant. Direct access to the company's biggest export market, the United States, figured prominently in the decision.

But for BMW Chairman Eberhard von Kuenheim, the many factors all boiled down to one irreducible nut. "We want to be competitive with our pricing — that is what we are talking about here," he said at a press conference in Munich, where the decision to build the U.S. plant was announced. "Germany still costs too much. It is our responsibility to maintain a profitable position in all our markets."

Indeed, for von Kuenheim and other members of the luxury-car maker's *Vorstand,* or supervisory board, the deliberations of the past three years have been driven by an awareness that the vaunted "Made in Germany" label was becoming increasingly costly to bear.

The dilemma: How to shift costs out of Germany without undermining that priceless *Standort Deutschland*. BMW's answer: a U.S. plant.

"There are many advantages in Germany, but if you compared the advantages and disadvantages of other countries, it changes in terms of productivity, initiative and imaginative opportunities," von Kuenheim said.

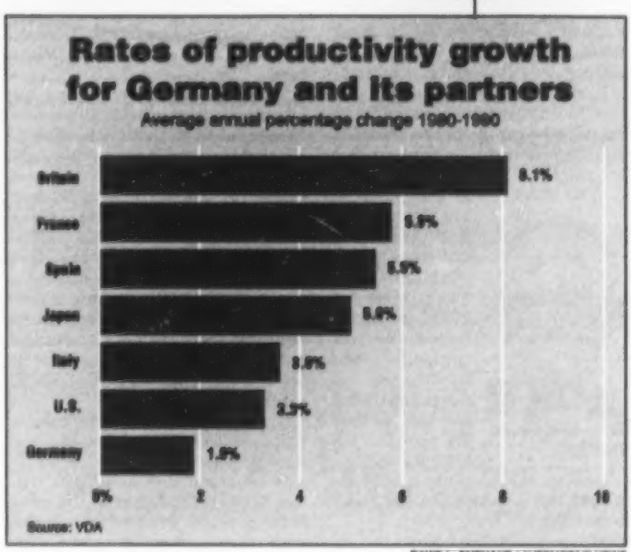
Among the economic forces shaping BMW's decision:

- A severe capacity crunch, as BMW's three German plants near peak production of 570,000 units this year. Expansion possibilities are constrained by work rules and location — production at BMW's main plant in downtown Munich is frequently interrupted by traffic congestion that delays just-in-time parts deliveries.
- The second highest wage rate in Europe, after Sweden. According to BMW, U.S. wages are at least one-third less than in Germany.
- A startling slowdown in productivity growth.
- A worrisome decline in German auto sales, coupled with increasing competition from Japanese luxury marques.
- The increasing costs of currency fluctuations.
- Increasing exposure to North American suppliers. BMW says it bought $250 million in U.S. parts last year.
- Rising taxes at home.

To the concern of many private and government economists, BMW's cost problems are shared by every German carmaker.

"From the early 1950s until four to five years ago, the high productivity in Germany was enough to offset the high cost-per-hour," said Garrell Rhys, motor industry economics professor at the University of Wales Cardiff Business School.

"It didn't matter until another product came along. Cadillac and Lincoln were not in head-on competition with the Germans in the segment the Germans were going after. But the Japanese — Lexus, Infiniti and Acura — are offering vehicles with a higher level of speciality for a lower price than the German cars, and the American consumer turned to them."



DAVID L. BURHANS / AUTOMOTIVE NEWS

COMPETITIVENESS LOST

While Japanese competition was becoming hotter, German productivity gains were slowing, further eroding competitive position.

"Productivity in the German automobile industry has increased less in the last 10 years than in any other country," said Karl-Heinz Bieniwitz, economist for the VDA, the German auto industry's trade association.

From 1980 to 1990, Bieniwitz said, productivity per hour increased 31 percent more in the United States and 50 percent more in Japan than in Germany, Europe's most productive nation.

During that period, German productivity grew at an average annual rate of 1.9 percent. That compared with increases of 3.3 percent for the United States, 5 percent for Japan, 3.6 percent for Italy, 5.5 percent for Spain, 8.1 percent for Britain and 5.8 percent for France.

Average wage per hr. in U.S. dollars
(including social benefits)

Sweden	$29.17
Germany	**28.50**
United States	22.50
Japan	21.70
Italy	20.35
France	19.00
Spain	18.94
United Kingdom	17.08

Source: VDA

Wages during the same period increased an average of 4.5 percent a year in Germany, compared with 2.7 percent in the United States and 7.2 percent in Japan.

Only Sweden is higher, with an average hourly wage of $29.17.

"Labor costs and salaries, I have said often, are one-third more in Germany than in the United States or Japan. This is one of many reasons for us to take this decision," von Kuenheim said last week.

According to several German economists, the country's automakers have recognized the growing threat from Japan but have been slow to embrace the worldwide move toward lean manufacturing. Those analysts say the blind spot developed because of the frenzied sales boom that was unleashed in 1989 by the promise of German reunification.

Last year, a record 4.28 million new vehicles were sold in Germany — nearly one-third of the total in all of Europe. And while European makers outside Germany shed a combined 410,000 jobs in the 1980s, German carmakers added 79,000.

"There is no question, in terms of competitiveness, that the German export industry has lost a bit of ground in the world," said Ulrich Ramm, chief economist for Commerzbank AG in Frankfurt.

When Germany was reunified in October 1990, exports and manufacturing were at their peak, he said. "We had no empty capacity for rising exports, and overall economic growth was not in a phase where one could expect sharp rising exports," Ramm said.

With factories running at capacity and corporate profits setting records, unions negotiated even higher wages. This year, the metal workers' union, which represents German auto workers, won a 5.8 percent increase and a reduction of the work week — from 37 hours to 36 hours in 1993 and to 35 hours in 1994.

Each hour trimmed from the work week is equivalent to a 2.5 percent wage hike, said BMW chief economist Helmut Becker.

According to Ramm, the higher wage settlements have boosted German carmakers' per-unit costs at least 10 percent in the past two years.

Complicating the scenario, the German mark has risen against the currencies of its major trading partners, making German goods less competitive overseas, Ramm said. At the same time, taxes are rising in Germany while rates are down in other nations, including France and Britain.

"The overall cost situation of the German wages and taxes — plus the environmental protection necessities, which are costly — have raised new concerns about the German economic situation," Ramm said. "The overall cost situation is so high that we have to see that we don't lose more competitiveness."

Ramm stressed that German costs are not so high that the country is in danger of losing huge chunks of its core industries. But, he said, "We have new places east of our border — in Czechoslovakia and Hungary — where you can get cheap labor, with a good overall infrastructure and near a market that is newly competitive."

EAST EUROPE RULED OUT

To the dismay of many political and union leaders in Germany, however, BMW ruled out a new plant in the high-unemployment eastern provinces on purely economic grounds. According to von Kuenheim, BMW rejected the former East Germany because productivity there is 25 percent lower than in the country's eastern states.

Therefore, although wages are 60 percent to 65 percent lower, the labor cost would be twice as high on a per-car basis, he said.

Similarly, Czechoslovakia was rejected because it lacked the up-to-date communications infrastructure to support a modern car plant, he said.

"We needed infrastructure and communications technology that would meet the demands of the unit plant, which must be integrated with all other BMW plants," von Kuenheim said.

He refused to apologize for withholding jobs from Germany while opening a U.S. plant. BMW will cut 3,000 of its 62,000 workers in Germany this year as it moves to slash costs.

"We are not in business to supply jobs by building these plants," von Kuenheim said. "We are not like the shipbuilding industry that is heavily subsidized."

According to Daniel Jones, professor at the University of Wales and one of the authors of *The Machine That Changed the World*, the Japanese showed BMW the wisdom of building an offshore greenfield plant. Nissan's plant in Sunderland, England, "is one of the best in the world," Jones said.

The South Carolina plant will give BMW the opportunity to experiment with such ideas as team assembly, a concept not easily implemented in Germany, he said. According to Jones, the rigid hierarchy and what he calls "the proud engineer" — experts not used to working in a team — are major obstacles to team work in German plants.

And not incidentally, analysts agree, the U.S. plant will give BMW clout with unions at home.

"If this (U.S.) plant is more profitable than domestic plants, it can be used in negotiations to force lower wage settlements," said Klaus-Jurgen Melzner, an automotive industry analyst with Deutsche Bank AG in Frankfurt. "IG Metall (the auto workers' union) will be watching closely."

Plant quest began in '70s

LINDSAY CHAPPELL
Staff Reporter

GREENVILLE, S.C. — BMW AG has been studying a U.S. auto plant since the late 1970s — before the Japanese transplant automakers arrived in the United States, says a consultant who helped BMW with its search.

But economic cycles and other considerations kept the German automaker away — until last week.

An official with PHH Fantus, an international relocation firm that helped BMW select Greer, S.C., said his firm has had discussions with the carmaker going back more than a dozen years.

"They have obviously wanted a presence here for a long time," said James Schriner, a Fantus vice president who worked on the BMW project.

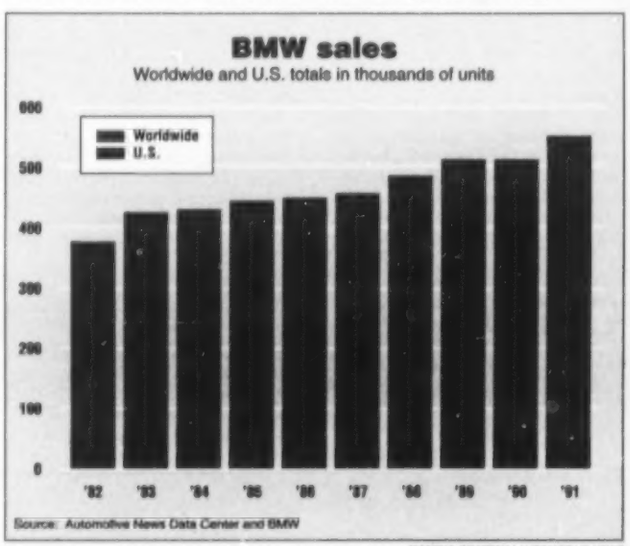
In the late 1970s, Volkswagen AG was in full swing at its Westmoreland, Pa., car plant, which ceased production in 1988.

Schriner said the Greer site emerged from a huge field of potential sites during the past few months. But factors kept changing. Earlier, BMW had considered and then ruled out Eastern Europe, he said. The idea was reconsidered after the collapse of the Soviet Union, and then re-rejected.

The company was not wild about Omaha, Neb., which wound up as Greer's main competitor. But Nebraska officials so sweetened their incentives package that BMW studied the idea, Schriner said. At last report, Nebraska and various private groups had pledged $240 million.

"They kept throwing so much money at us," Schriner said, "we had to consider it. Omaha is closer to Germany than Greer is — if you fly over the North Pole. But there's no amount of money that can move the Atlantic Ocean to Nebraska."

BMW will ship large volumes of components by sea to Charleston, S.C., and then transport them by rail and truck to Greer.



MARTHA GRATTAN / AUTOMOTIVE NEWS

INCENTIVE WATCH—DEALER INCENTIVES

CONTINUING PROGRAMS

AUDI (1991 models, no expiration date)

Audi 100 and 200	$1,500
Audi 90	$1,000

Rebates apply to models purchased by dealer from Audi of America port stocks.

BMW (no expiration date)

750iL (1991)	$10,000

CHEVROLET (1992 models, expires Sept. 23)

Corvette ZR-1 (1992)	$2,000
Other Corvette (1992)	$1,000

CHRYSLER CORP. (1991-92 models; expires June 30)

Chrysler Imperial, New Yorker Fifth Avenue and Salon	$1,000-2,000, based on number sold
Dodge Dynasty	$1,000-2,000, based on number sold
Stealth	0-$1,000, based on number sold
Jeep Cherokee	$750

HONDA (1992 models, expires July 2)

Civic 4-door	$400
Accord wagon	$1,000
Other Accord	$750

ISUZU (expires June 30)

Impulse (1990-91)	$2,500
Impulse (1992)	$1,500
Impulse (1990-92, California and Southwest region)	$2,500
Stylus (1991)	$800-1,100
Stylus (1992)	$600-800
Stylus (1991, Calif.)	$800-2,000
Pickup (1990-92)	$500-1,500, based on number sold
Rodeo (1990-92)	$500-1,250, based on number sold
Trooper (1990-91)	$750

Dealer has the option of sharing rebate with buyer.

LOTUS (1991, no expiration date)

Elan	$5,000
Esprit Turbo	$11,000-15,000

MITSUBISHI (1991-92 models, expires July 6)

Mirage	$500-1,000, quota
Galant	$1,000-1,500, quota
Galant VR-4	$500-3,000, based on number sold

(Galant VR-4 payments are in addition to other Galant rebates.)

Eclipse	7% of sticker, starts with second sale
Pickup	$1,000-1,500, quota

NISSAN (1992 models, expires July 6)

Stanza	$1,500-2,000
240SX (exclude convertible)	$1,300
Maxima GXE	$1,000
Sentra	$700-1,000
Pickups	$1,000-1,750

PEUGEOT (no expiration date)

405	$5,000
505	$6,000

PORSCHE (1991 models, no expiration date. To qualify for the following rebates, dealers had to buy two cars from port stock by Jan. 17.)

911 Carrera 2, 928	$9,500
911 Carrera 4	$13,500
911 Turbo	$14,000

SUBARU (1992 models, expires Aug. 3)

Loyale	$500
Legacy (invoiced before Feb. 4)	$1,000
Legacy (invoiced after Feb. 4)	$1,500

SUZUKI (expires Aug. 3)

Swift (1992)	$400-700
Sidekick (1992)	$700-1,500
Swift (1991)	$700-1,000
Sidekick (1991)	$500-1,000

VOLKSWAGEN (no expiration date)

Passat (1991)	$1,500
Jetta, Fox, Golf (1991)	$500
All 1990 cars	$500-1,500

TOYOTA (expires Aug. 3)

Tercel (1991-92)	0-$300, quota
Corolla (1992)	$700-$1,500, quota
Pickups	$200-1,400, quota

Chrysler extends minivan rebates

JOSEPH BOHN
Staff Reporter

Bowing to pressure from dealers, Chrysler Corp. backed off its decision to end all minivan rebates June 22, but the automaker is still trimming its incentive costs.

Chrysler has extended the $500 rebates on short-wheelbase Caravan/Voyager plus short- and long-wheelbase Caravan C/V models through Aug. 31.

It also extended through Aug. 31 individual equipment discounts that are part of its National Minivan Sale.

But the company did discontinue $500 rebates on long-wheelbase minivans in all states except California and Hawaii. As of June 22, it reduced the long-wheelbase rebate in those states from $1,000 to $500 while extending them through Aug. 31.

Chrysler originally notified dealers it would end all minivan rebates on June 22, but dealer pressure forced the company to reconsider, according to dealer and company sources.

Chrysler said April was its third-best minivan sales month and May was its second-best. Chrysler minivan sales of 197,248 during the first five months of this year were up 24 percent over last year

Dealers ordered a high volume of minivans during the buildout and were fearful that an end to the rebates would break their sales momentum.

The partial reduction in minivan rebates shows Chrysler is still moving forward with its plan to reduce incentive spending substantially in the third and fourth quarters, according to dealer and company sources.

Part of the savings will come from new high-volume products, like the Jeep Grand Cherokee and the 1993 Chrysler Concorde, Eagle Vision and Dodge Intrepid LH sedans, on which company officials do not anticipate incentives.

Chrysler is also counting on a strengthening market to help cut its incentive costs, according to dealer and company sources.

Chrysler spent an average of $1,325 per vehicle on incentives in the first quarter of 1992, according to company spokesman Steve Harris.

That amounts to $506 million, based on the number of cars and trucks Chrysler sold in the United States.

Chrysler overhauls customer rebates

incentive WATCH

Chrysler Corp. announced a new customer rebate program that includes new rebates on some 1993 vehicles and revisions on 1991 and 1992 models.

The program is effective July 1 through Aug. 31.

The 1993 models and their rebates are: Chrysler Imperial and Fifth Avenue, $1,250; Dodge Ram wagon/van and conversion and Daytona, $1,000; Chrysler New Yorker Salon and Dodge Dynasty, $750; and Jeep Cherokee, $500.

Rebates were increased on these vehicles: 1991 and 1992 Chrysler LeBaron coupe, from $1,000 to $1,500; 1991 and 1992 LeBaron convertibles, Eagle Summit four-door, and 1992 Daytona, from $500 to $1,000; and 1991 and 1992 Dodge/Plymouth Colt and Eagle Summit three-door models, from $500 to $700.

Rebates were reduced on these vehicles: 1991 and 1992 Plymouth Sundance/Dodge Shadow, from $1,000 to $700; and Dodge Dakota pickup and Jeep Comanche, from $750 to $500.

Also, Chrysler extended its National Minivan Sale on short-wheelbase models through Aug. 31. The program includes a $500 customer rebate and discounts on factory-installed equipment adding up to $1,600.

Chevrolet is paying its dealers $1,000 on 1992 Corvettes and $2,000 on 1992 Corvette ZR-1 models through Sept. 23.

Ford Motor Co. incentives expire tomorrow.

— Arlena Sawyers

INCENTIVE WATCH — CUSTOMER INCENTIVES

CONTINUING PROGRAMS

CHRYSLER CORP.

Expires June 30 unless otherwise noted. Finance rates in lieu of rebates are 0 to 9.9 percent.

1991-92 models

Chrysler Imperial, New Yorker Fifth Avenue	$1,500
N.Y. Salon, LeBaron sedan	$1,000
LeBaron coupe, conv. (1992)	$1,000
LeBaron coupe, conv. (1991)	$500
Dodge Monaco, Daytona (1991 only)	$1,500
Shadow, Dynasty, Spirit	$1,000
Colt 3-dr. (Northeast)	$700
Daytona (1992), Colt	$500
Dodge Ramcharger	$2,000
Ram pickup (gas)	$1,500
Ram wagon (van and conversion)	$1,000
Dakota	$750
Ram 50	$500
Eagle Premier	$1,500
Talon awd (1992)	$1,500
Other Talon (1991-92)	$1,000
Summit 4-dr. (1992)	$1,000
Other Summit (1991-92)	$500
Summit 3-dr., 4-dr. (Northeast)	$700
Jeep Cherokee	$1,500
Comanche	$750
Wrangler	$500
Plymouth Acclaim, Laser awd (1992)	$1,500
Other Laser (1991-92)	$1,000
Sundance	$1,000
Colt 3-dr., (Northeast)	$700
Colt, Colt Vista	$500
Minivans (expires Aug. 31) All short wheelbase and Caravan C/V Long wheelbase (50 states)	$500
Long wheelbase (Calif., Hawaii)	$500

FORD MOTOR CO.

1993 models

Expires June 30. In lieu of rebates, 7.9 percent financing is available.

Ford Escort	$200-400
Mercury Tracer	$200

1992 models

Expires June 30. In lieu of rebates, finance rates of 2.9 to 7.9 percent are offered. Some rebates vary by regions.

Ford Probe	$1,500
Thunderbird Sport, SC (Calif. only)	$1,500
Taurus SHO	$1,000
Other Taurus, Mustang	$500-1,000
Escort	$400-1,000
Thunderbird, Tempo, Crown Victoria, Festiva	$500
Crown Victoria (expires Sept. 23) For owners of Ford Motor products	$1,000
Ford Bronco, Econoline (RV)	$1,000
Ranger	$750-1,000
Aerostar	$500-1,000
F series	$400
Lincoln (all)	$1,500
Mercury Sable	$500-1,000
Capri	$750
Tracer	$400-1,000
Topaz, Cougar, Grand Marquis	$500
Cougar (expires June 30) for owners of Ford Motor products	$1,000
Grand Marquis (expires Sept. 23) for owners of Ford Motor products	$1,000

1991 models

Expires June 30. In lieu of rebates, finance rates of 2.9 to 7.9 percent are offered. Some rebates vary by regions.

Ford Thunderbird, Probe	$1,500
Mustang	$1,000-1,500
Festiva	$1,000
Escort	$750
Taurus SHO	$600-1,000
Other Taurus	$400-1,000
Tempo	$400
Ford Bronco, Econoline E150 RV	$1,000
Aerostar	$400-1,000
Ranger, F series, other Econoline	$400
Mercury Capri	$2,000
Sable, Cougar	$1,500
Tracer	$750
Topaz	$400

GENERAL MOTORS

1992 models

Expires Sept. 23 unless otherwise noted. In lieu of rebates, finance rates of 2.9 to 6.9 percent are offered. Some rebates vary by regions.

Buick Century, LeSabre	$250-1,000
Skylark	$500-1,250
Regal	$750-1,500
Roadmaster, Park Avenue	$1,000
Riviera	$2,000

Rebates based on option package ordered.

Cadillac (expires June 30) DeVille, Brougham	$1,500
Chevrolet Geo Metro (manual), Camaro, Corsica, Beretta, Caprice	$500
Geo Metro (automatic)	$700
Cavalier	$750
Metro conv.	$1,000
Geo Storm, Geo Prizm, Lumina	$1,500
C/K pickups (until June 30)	$400
C/K pickups (after July 1)	$300
Astro, G-Van	$500
Geo Tracker (2wd), S/T pickup, Lumina APV	$750
Geo Tracker (4wd)	$1,000
G-Van Upfit	$1,300
S/T Blazer	$2,000
GMC Sierra (expires June 30)	$400
G-Van, Safari	$500
Sonoma	$750
Jimmy (exclude Typhoon)	$2,000
Oldsmobile Silhouette, Eighty Eight	$500-1,000
Cutlass Supreme	$500-1,250
Custom Cruiser, Bravada	$500-2,000
Toronado	$500-2,500
Achieva	$750
Cutlass Ciera	$1,000
Ninety Eight	$1,500

Some rebates vary by regions

Pontiac Sunbird, Grand Am	$500
Grand Prix	$500-750
Bonneville, Firebird, Trans Sport	$750

Rebates vary by geographical areas.

1991 models

Chevrolet Geo Storm (expires Sept. 23)	$750

HYUNDAI (expires July 6)

Excel (1991)	$1,200
Excel (1992)	$500
Elantra (1992)	$1,000
Scoupe (1991)	$1,000
Scoupe (1992)	$750
Sonata (1991)	$2,000
Sonata (1992)	$1,500

MAZDA (1992 models, expires July 6)

Protege, MX-6	$1,400
626	$1,200
Navajo	$500-1,500
Pickups	$500-1,400

Navajo and pickup rebates vary by model and region.

SUBARU (1992 models, expires Aug. 3)

Loyale (fwd sedans)	$500
Loyale (awd wagons)	$500

NHTSA warns dealers to not disconnect belts

ROGER ROWAND
Staff Reporter

If new cars with automatic belts are displayed for sale, dealership managers better make sure those belts are fastened.

It's the law.

Federal regulations prohibit dealership personnel from rendering safety items inoperative. In the case of automatic belts, that means unbuckled, says Barry Felrice, head of rulemaking at the National Highway Traffic Safety Administration.

During the past few years, the agency has sent enforcement personnel to dealerships to check on compliance.

Initially, they found only about 30 percent of the stores investigated were in compliance, but the agency did not press its case.

"We're not interested in penalizing dealers as much as we are interested in informing them of their responsibilities in this," Felrice said.

When follow-up visits were made a few months later, investigators found almost all the belts were attached, Felrice said at a regular meeting with industry technical representatives in Romulus, Mich., last week.

NHTSA finds the connection rate is up to about 50 percent these days.

It continues to check belts but not as frequently, he said.

"We don't think it's a big problem," he said.

"Customers know they have to use automatic belts, and actual usage in the field averages about 80 percent and is up to 90 percent with some systems," Felrice said.

"The number of vehicles with automatic belts is rapidly declining and, while we'll continue to inform dealers of their responsibility, we don't intend to place any great emphasis on this matter," Felrice added.

Nationally, use of all types of belts by motorists is about 58 percent, NHTSA said.

NHTSA probably will soon change some of the information given to new-car buyers.

For instance, the agency is moving to eliminate its requirement that a vehicle's stopping distance be reported.

The reasoning in Washington is that listing stopping distance numbers is a waste of time because virtually no one uses them, Felrice said.

Next month, the safety agency will issue a notice of proposed rulemaking covering the elimination. A public-comment period will follow.

SCHEDULED PLANT CLOSINGS

Plant	Weeks down	Units lost/ week
CHRYSLER		
Toledo, Ohio	6/29	*
Jeep Cherokee		
Jeep Briarwood		
FORD		
Edison, N.J.		**
Ford Ranger		
Twin Cities		
St. Paul, Minn.)		**
Ford F-series pickup		
Ford Ranger		
Atlanta	6/29, 7/6	***
Chicago	6/29,7/6	***
Dearborn, Mich.	6/29, 7/6	***
Kansas City, Mo.	6/29, 7/6	***
Lorain, Ohio	6/29, 7/6	***
Louisville, Ky.	6/29, 7/6	***
Michigan Truck (Wayne, Mich.)	6/29, 7/6	***
Norfolk, Va.	6/29, 7/6	***
St. Louis	6/29, 7/6	***
Wayne, Mich.	6/29, 7/6	***
Wixom, Mich.	6/29, 7/6	***
NISSAN		
Smyrna, Tenn.	6/29	***
Sentra		
Pickup		
TOYOTA		
Georgetown, Ky.	6/29	***
Camry		

*Model changeover
**Plant closed until September for model changeover
***Vacation.
Source: Automotive News Data Center

Toyota adds to engine test facility in U.S.

LINDSAY CHAPPELL
Staff Reporter

ANN ARBOR, Mich. — Toyota Motor Corp.'s U.S. technical center will begin expanding its engine-component design capabilities in July in a move that should aid American suppliers of critical components.

Toyota Technical Center U.S.A. Inc., a 300-employee operation near federal EPA laboratories here, will add a second office building of 30,000 square feet and add about 50 technicians.

The expanded operation will test engines and evaluate outsourced engine parts. Component design work, performed in conjunction with suppliers, also will be added. Toyota now does most of its engine-evaluation work in Japan.

Local officials expect the expansion to be operating by mid-1993.

Toyota has been assembling four-cylinder engines in Georgetown, Ky., since 1989 and is steadily increasing its engine-producing capabilities in this country. In 1990, it began machining engine parts. It has also begun outsourcing locally cast engine components and launched a plan to build six-cylinder engines in Georgetown.

U.S. suppliers have often complained about the difficulty of selling critical components like engine parts to Japanese automakers and their U.S. transplants. The Japanese companies have traditionally responded that the process will be easier as they expand their U.S. research and design capabilities.

Toyota's Ann Arbor technical center has grown rapidly over the past two years, when it had just 25 employees.

The center evaluates a wide range of North American-sourced components, including seats, safety restraint systems, headrests, hinges, tires and brakes.

U.S. AND CANADA CAR AND TRUCK PRODUCTION

Vehicles are assembled in the United States unless noted. Vehicles are cars unless noted.

	Est. 6/22-6/27/92	Actual 6/15-6/20/92	6/1-6/27/92	Year 1/1-6/27/92	Year 1/1-6/29/91
LeBaron J	1,450	1,526	6,008	29,583	18,697
New Yorker	450	362	1,613	8,644	4,105
Fifth Avenue	1,200	1,251	5,021	19,406	17,693
Imperial	100	83	395	2,679	4,006
Town & Country (trk.)	350	377	1,480	7,596	1,817
Total Chrysler Div.	**3,550**	**3,599**	**14,517**	**67,908**	**46,318**
Sundance	800	1,731	5,568	29,797	22,786
Acclaim	1,700	1,707	6,676	39,161	43,774
Voyager (trk.)	1,950	2,331	9,130	48,922	46,610
Voyager (Can. trk.)	2,682	1,821	10,079	66,496	54,557
Total Plymouth	**7,132**	**7,590**	**31,453**	**184,376**	**167,727**
Daytona	375	422	1,558	6,901	4,936
Shadow	2,500	2,945	11,038	50,232	27,337
Dynasty	2,300	2,432	9,857	43,440	58,236
Spirit	1,725	1,718	7,056	37,582	39,956
Viper	5	4	24	55	0
Monaco (Can.)	0	0	0	0	4,786
Caravan (trk.)	2,500	3,120	11,720	63,596	55,639
Caravan (Can. trk.)	3,756	2,412	13,737	88,701	74,475
Caravan C/V (trk.)	75	105	525	1,815	2,222
Caravan C/V (Can. trk.)	162	108	635	4,311	12,030
Dakota (trk.)	3,650	3,988	15,180	71,474	40,799
Ram pickup (trk.)	1,100	1,324	4,916	30,822	40,736
Ram wagon (Can. trk.)	540	352	1,934	12,383	11,832
Ram van (Can. trk.)	1,812	1,232	6,760	34,458	21,046
Total Dodge	**20,580**	**20,182**	**84,948**	**445,770**	**384,030**
Premier (Can.)	0	0	0	0	5,350
Cherokee (trk.)	0	0	7,013	66,961	66,891
Comanche (trk.)	0	0	0	915	2,780
Grand Cherokee (trk.)*	2,000	2,240	8,686	32,598	1,560
Briarwood (trk.)	0	0	0	325	1,435
Wrangler (Can trk.)	0	0	0	29,026	29,756
Total Jeep-Eagle	**2,000**	**2,240**	**15,699**	**129,825**	**107,772**
Total U.S. car	**12,605**	**14,181**	**54,814**	**267,480**	**241,526**
Total Can. car	**0**	**0**	**0**	**0**	**10,136**
Total U.S. truck	**11,525**	**13,485**	**58,650**	**325,024**	**290,489**
Total Can. truck	**8,952**	**5,925**	**33,145**	**235,375**	**203,696**
CHRYSLER CORP.	**33,182**	**33,591**	**146,609**	**827,879**	**715,847**
Escort	0	5,749	17,305	91,821	99,686
Mustang	2,810	2,738	11,183	50,752	42,692
Tempo	2,748	2,954	11,566	69,698	57,305
Tempo (Can.)	3,348	3,361	13,513	65,726	60,441
Taurus	9,694	9,596	38,640	201,937	173,848
Thunderbird	2,518	2,448	9,924	45,929	40,361
Crown Victoria (Can.)	3,086	3,156	11,427	55,814	45,891
Aerostar (trk.)	4,160	4,175	16,785	94,916	82,771
Bronco (trk.)	709	695	2,160	11,978	7,151
Explorer (trk.)	6,653	6,608	26,226	160,033	140,138
Mazda Navajo (trk.)	153	147	607	3,002	5,818
Econoline (trk.)	4,490	4,456	17,908	100,793	69,191
Heavy (trk.)	958	923	3,817	23,433	17,206
Light truck (trk.)	9,862	9,794	39,006	231,905	148,294
Light truck (Can. trk.)	3,056	3,080	12,252	73,840	51,960
Ranger (trk.)	1,702	4,396	20,751	150,450	131,012
Total Ford Division	**55,947**	**64,276**	**253,070**	**1,432,027**	**1,173,755**
Topaz	1,634	1,465	6,090	31,088	24,637
Topaz (Can.)	1,389	1,459	5,735	26,066	19,416
Cougar	1,092	1,026	4,404	30,208	29,678
Sable	3,362	3,410	13,622	66,833	56,209
Grand Marquis (Can.)	2,714	2,700	10,354	52,637	47,062
Mercury Villager (trk.)	392	289	1,246	2,292	0
Nissan Quest (trk.)	241	199	794	1,281	0
Total Mercury	**10,824**	**10,548**	**42,245**	**210,405**	**177,002**
Continental	843	854	3,368	19,916	29,155
Mark VII	0	0	0	2,375	5,105
Town Car	2,529	2,597	10,131	59,676	68,595
Total Lincoln	**3,372**	**3,451**	**13,499**	**81,967**	**102,855**
Total L-M Division	**14,196**	**13,999**	**55,744**	**292,372**	**279,857**
Total U.S. car	**27,230**	**32,837**	**125,233**	**670,233**	**627,271**
Total Can. car	**10,537**	**10,676**	**41,029**	**290,243**	**172,810**
Total U.S. truck	**29,320**	**31,682**	**129,380**	**780,083**	**681,581**
Total Can. truck	**3,056**	**3,066**	**12,252**	**73,848**	**51,966**
FORD MOTOR CO.	**70,143**	**78,275**	**308,814**	**1,724,399**	**1,453,622**
Skylark	1,467	1,894	5,669	31,346	34,929
Century	2,364	2,351	9,987	44,722	47,888
Regal (Can.)	3,000	3,084	12,205	52,247	60,107
Riviera	286	284	1,162	6,449	4,204
Park Avenue	754	757	3,047	30,732	51,026
LeSabre	4,221	4,226	16,903	82,346	35,288
Roadmaster sedan	1,031	824	3,295	22,511	8,980
Roadmaster wagon	200	199	816	6,176	11,100
Reatta	0	0	0	0	1,206
Total Buick	**13,323**	**13,619**	**53,084**	**276,529**	**254,728**
Eldorado	616	629	2,524	19,856	6,395
Seville	1,371	1,385	5,597	27,930	12,909
Brougham	0	0	0	2,170	10,009
DeVille	3,806	3,633	11,068	62,582	72,765
Allante	64	64	256	920	1,574
Total Cadillac	**5,857**	**5,711**	**19,445**	**113,458**	**103,652**
Cavalier	4,755	5,236	20,313	118,141	137,346
Camaro	1,792	1,821	7,498	36,012	25,802
Corsica-Beretta	4,650	4,547	18,248	104,644	135,840
Lumina (Can.)	6,200	6,299	25,061	124,003	113,920
Caprice	4,174	3,622	14,816	60,562	73,656
Corvette	566	584	2,409	11,313	11,926
Astro (trk.)	3,133	3,110	11,691	77,736	49,401
Blazer (trk.)	759	595	2,480	12,160	4,247
Lumina APV (trk.)	1,212	1,241	4,863	24,103	21,080
Mediums (trk.)	202	0	711	3,423	2,425
P-model (trk.)	668	710	2,631	12,674	9,444
Pickup (trk.)	6,638	6,380	25,087	138,561	130,644
Pickup (Can. trk.)	4,000	4,125	16,103	98,261	70,039
S10 (trk.)	4,409	4,593	16,202	94,698	130,993
S10 Blazer (trk.)	2,841	2,849	11,032	66,867	25,998
Sportsvan (trk.)	0	0	0	11,405	21,493
Sportsvan (Can. trk.)	1,900	1,946	7,914	40,100	27,025
Suburban (trk.)	1,855	1,375	6,356	26,680	14,109
Total Chevrolet	**49,754**	**49,833**	**193,415**	**1,061,363**	**1,005,389**
Achieva/Calais	2,675	2,702	11,350	63,761	34,616
Cutlass Ciera	3,092	3,106	12,864	68,634	39,746
Cutlass Ciera (Can.)	0	0	0	0	36,153
Cutlass Supreme	2,400	2,418	9,610	44,140	54,443
Toronado	94	102	388	3,197	2,778
Eighty Eight	937	939	3,746	37,258	33,507
Custom Cruiser wag.	0	41	122	1,927	5,312
Ninety Eight	826	784	2,420	17,216	39,280
Silhouette (trk.)	257	259	1,040	8,264	11,161
Bravada (trk.)	108	138	445	6,857	8,771
Total Oldsmobile	**10,389**	**10,489**	**41,985**	**251,254**	**286,767**
Sunbird	1,805	2,046	7,977	49,057	63,980
Grand Am	5,546	6,038	23,640	127,964	87,060
Firebird	508	479	2,102	12,757	8,530
Grand Prix	2,700	2,706	10,810	57,700	53,192
Pontiac 6000	0	0	0	0	19,603
Bonneville	1,328	1,358	5,364	50,018	24,882
Trans Sport (trk.)	1,375	1,380	5,530	21,018	13,715
Total Pontiac	**13,262**	**14,009**	**55,423**	**318,514**	**270,962**
Yukon-Jimmy (trk.)	247	256	598	3,678	1,059
Medium (trk.)	359	0	995	11,285	4,887
P-model (trk.)	66	49	210	1,249	1,530
Pickup (trk.)	2,594	2,334	9,518	53,930	56,503
Pickup (Can. trk.)	1,500	1,574	5,879	35,840	27,502
Syclone-Sonoma (trk.)	1,434	1,267	4,502	25,288	29,170
Typhoon-S15 Jimmy (trk.)	1,056	902	3,493	21,425	9,887
Safari (trk.)	1,358	1,388	5,142	32,533	21,330
Suburban (trk.)	848	840	3,245	16,415	12,294
Vandura (trk.)	0	0	0	5,803	10,501
Vandura (Can. trk.)	700	724	2,728	17,845	11,497
Total GMC	**10,162**	**9,334**	**36,310**	**225,291**	**186,160**
Total Saturn+	**4,370**	**4,370**	**17,480**	**98,373**	**35,841**
Total U.S. car	**58,398**	**59,147**	**231,481**	**1,300,414**	**1,185,413**
Total Can. car	**9,200**	**9,383**	**37,286**	**178,250**	**210,180**
Total U.S. truck	**31,419**	**29,666**	**115,771**	**676,872**	**590,642**
Total Can. truck	**8,100**	**8,389**	**32,624**	**192,046**	**136,063**
GENERAL MOTORS	**107,117**	**106,585**	**417,142**	**2,344,782**	**2,122,298**
Can. car	2,300	2,293	9,235	56,113	63,338
Can. trk.	1,400	1,402	5,689	34,643	28,642
CAMI*	**3,700**	**3,695**	**14,924**	**90,756**	**91,980**
DIAMOND-STAR*	**0**	**2,704**	**9,085**	**76,842**	**72,586**
Civic	2,180	2,060	8,655	49,168	46,578
Civic (Can.)	2,093	2,186	8,646	55,920	54,962
Accord	7,680	7,821	30,743	195,068	181,146
Total U.S. car	**9,860**	**9,881**	**39,398**	**244,236**	**227,724**
Total Can. car	**2,093**	**2,186**	**8,646**	**55,920**	**54,962**
HONDA	**11,953**	**12,067**	**48,044**	**300,156**	**282,686**
HYUNDAI Sonata (Can.)	**20**	**87**	**813**	**6,735**	**14,786**
MAZDA*	**5,020**	**3,960**	**15,891**	**47,363**	**78,418**
U.S. trk.	1,550	1,547	6,196	33,697	38,558
Can. trk.	224	224	877	4,413	3,790
NAVISTAR	**1,774**	**1,771**	**7,073**	**38,110**	**42,348**
Sentra	0	2,760	7,471	63,279	69,883
Pickup (trk.)	0	2,310	7,926	65,703	68,697
NISSAN	**0**	**5,070**	**15,397**	**128,982**	**138,580**
Geo Prizm	1,600	1,587	6,404	44,308	50,841
Toyota Corolla	2,500	2,505	10,069	59,547	53,843
Toyota Pickup (trk.)	1,700	1,764	6,828	27,562	0
NUMMI	**5,800**	**5,856**	**23,301**	**131,417**	**104,684**
Legacy	1,183	1,259	4,767	29,736	28,285
Pickup (trk.)	517	564	2,081	11,666	0
Rodeo (trk.)	963	1,011	3,864	20,891	0
Total U.S. car	**1,183**	**1,259**	**4,767**	**29,736**	**28,285**
Total U.S. trk.	**1,480**	**1,575**	**5,945**	**32,557**	**25,627**
SUBARU-ISUZU	**2,663**	**2,834**	**10,712**	**62,293**	**53,912**
Camry	4,910	6,884	22,067	121,724	111,268
Corolla (Can.)	1,500	1,479	6,012	37,308	34,898
TOYOTA	**6,410**	**8,363**	**28,079**	**159,032**	**146,166**
VOLVO 740,940 (Can.)	**150**	**148**	**588**	**3,511**	**4,461**
AM GENERAL (trk.)	**375**	**375**	**1,500**	**9,380**	**10,450**
MISCELLANEOUS (trk.)**	**2,400**	**2,400**	**9,600**	**59,520**	**68,720**
Total U.S. car	**123,306**	**137,705**	**527,600**	**2,924,262**	**2,745,050**
Total Canada car	**25,600**	**26,252**	**103,500**	**536,000**	**505,571**
Total U.S.-Canada Car	**148,106**	**163,957**	**631,279**	**3,460,442**	**3,310,629**
Total U.S. truck	**79,869**	**84,804**	**341,716**	**2,008,518**	**1,664,764**
Total Canada truck	**21,732**	**19,000**	**84,587**	**540,317**	**424,151**
Total U.S.-Canada truck	**101,601**	**103,804**	**426,303**	**2,548,835**	**2,088,915**
TOTAL U.S.	**203,175**	**222,509**	**868,316**	**4,933,280**	**4,409,822**
TOTAL CANADA	**47,532**	**45,252**	**188,186**	**1,076,367**	**969,722**
TOTAL U.S.-CANADA CAR & TRUCK	**250,707**	**267,761**	**1,057,502**	**6,010,277**	**5,399,544**

+Estimate
*1991 figures reflect Grand Wagoneer production.
†CAMI includes Geo Metro and Suzuki Swift cars and Geo Tracker and Suzuki Sidekick trucks; Diamond-Star includes Eagle Summit and Talon, Mitsubishi Eclipse and Mirage and Plymouth Laser; Mazda includes MX-6, 626 and Ford Probe.
**Estimates for Mack, Volvo-White, Kenworth, Peterbilt, Freightliner, Mercedes-Benz.
Source: Automotive News Data Center.

Rail strike cuts GM output

GWENDOLYN ZONGHETTI
Special Correspondent

The brief railroad strike cut production at six General Motors assembly plants in the United States. Normal production is expected to resume today at all except the Moraine, Ohio, truck plant, which returns tomorrow.

Ford Motor Co., Chrysler Corp. and the transplants reported that no production was lost because of the rail tie-up.

Three GM truck plants lost one day of production last week due to the strike. They were Fort Wayne, Ind.; Tarrytown, N.Y.; and Shreveport, La. Moraine, which works a four-day week, will be down today.

The Wilmington, Del., and Oklahoma City plants shortened their shifts but did not close.

In the United States and Canada, calendar-year car and truck production reached 6 million last Friday, one month ahead of 1991.

This Friday, all U.S. and Canadian assembly plants will be closed in observance of Independence Day and Canada Day.

U.S. car production was estimated at 123,306 last week, down 10.5 percent from the prior week and down 2.9 percent from 1991.

So far this year, U.S. makers have assembled 2,924,362 cars, up 6.5 percent from last year.

Last week, car production in Canada was estimated at 25,800, down 1.7 percent from the prior week but up 6.1 percent over the year-ago week.

Last week's U.S. truck production was estimated at 79,869, a decrease of 5.8 percent from the prior week and down 0.2 percent from the same week last year.

Year-to-date, U.S. truckmakers have assembled 2,009,518 vehicles, an increase of 20.7 percent over the year-ago period.

Canadian truckmakers estimated production last week was 21,732, up 14.4 percent over the prior week and up 21.7 percent over 1991.

All of Ford's U.S. plants begin a two-week vacation today. Production will resume July 13.

The Oakville, Ontario, plant begins a two-week vacation July 6. St. Thomas, Ontario, begins a two-week vacation July 13.

Last week, Ford scheduled daily overtime at four car plants and two truck plants. The car plants were: Atlanta; Chicago; St. Louis; and St. Thomas. The truck plants were Kansas City, Mo., and Louisville, Ky.

GM slated daily overtime last week at the Janesville, Wis., and Moraine, Ohio, truck plants.

In Canada, GM's Scarborough, Ontario, and Oshawa, Ontario, truck plants worked overtime last Saturday.

Chrysler slated daily overtime last week at the Detroit and Sterling Heights, Mich., car plants and the St. Louis truck plant.

It also scheduled Saturday overtime at the Windsor, Ontario, and Pillette Road (Windsor) truck plants and the Mack Avenue (Detroit) car plant.